

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:B04

PLR-111191-15

Date:

September 16, 2015

LEGEND

Parent =

Distributing =

Controlled 1 =

Controlled 2 =

Controlled 3 =

DRE 1 =

Target =

Business A =

Business B =

Business C =

State D =

State E =

Date 1 =

Dear :

This letter responds to your letter dated March 26, 2015, requesting a ruling under section 355 of the Internal Revenue Code (the “Code”) with respect to the proposed transactions described below (the “Proposed Transactions”). The information submitted is summarized below.

The ruling contained in this letter is based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for ruling, it is subject to verification on examination.

This letter and the ruling contained herein are issued pursuant to section 6.03 of Rev. Proc. 2015-1, 2015-1 I.R.B. 1, 17, regarding a significant issue under section 355, and only addresses a discrete legal issue involved in the Proposed Transactions. This Office expresses no opinion as to the overall tax consequences of any the transactions described in this letter, or as to any issues not specifically addressed by the ruling below.

FACTS

Parent, a publicly traded State D corporation, is the common parent of an affiliated group that files a consolidated federal income tax return, and the common parent of a worldwide group (the “Parent Group”). Parent owns 100 percent of the equity interests of DRE 1, a State D limited liability company, which since its formation has been disregarded as separate from Parent for federal income tax purposes under Treas. Reg. § 301.7701-3.

On Date 1, Target, an unrelated State D corporation, owned 100 percent of the equity interests of Distributing, a State E corporation. Pursuant to a Date 1 agreement by and among Target, Distributing, Parent, DRE 1, and certain other parties (the “Merger Agreement”), Target merged with and into DRE 1, with DRE 1 surviving and continuing as a wholly owned subsidiary that is disregarded as separate from Parent for federal income tax purposes under section 301.7701-3. Pursuant to the Merger Agreement, each share of Target stock issued and outstanding immediately prior to the effective date of the merger was exchanged for a specified amount of Parent stock and cash (the “Acquisition”).

PROPOSED TRANSACTIONS

For what are represented as valid business purposes, the parties propose to undertake the following Proposed Transactions within five years of Date 1, pursuant to an overall plan and in the order set forth below:

- 1) Distributing will form domestic corporations Controlled 1, Controlled 2, and Controlled 3.
- 2) Distributing will transfer the assets related to Business A to Controlled 1 in exchange solely for all of the stock of Controlled 1 and Controlled 1's assumption of liabilities associated with such assets.
- 3) Distributing will transfer the assets related to Business B to Controlled 2 in exchange solely for all of the stock of Controlled 2 and Controlled 2's assumption of liabilities associated with such assets.
- 4) Distributing will transfer the assets related to Business C to Controlled 3 in exchange solely for all of the stock of Controlled 3 and Controlled 3's assumption of liabilities associated with such assets.
- 5) Distributing will distribute all of the stock of Controlled 1, Controlled 2, and Controlled 3 to DRE 1.

REPRESENTATIONS

- a) The Acquisition qualified as a reorganization under section 368(a)(1)(A) of the Code, whereby:
 1. Target recognized no gain or loss on the transfer of all its assets to DRE 1 in exchange for Parent stock, cash, and DRE 1's assumption of, or taking property subject to, Target's liabilities;
 2. Target recognized no gain or loss on the distribution of Parent stock and cash to Target's shareholders;
 3. Immediately after the Acquisition, Parent's basis in Target's assets, including the stock of Distributing, was equal to (and determined in whole by reference to) Target's basis in such assets immediately before the Acquisition pursuant to section 362(b) of the Code; and
 4. As part of the Acquisition, Target distributed all of the cash and Parent stock received to its shareholders, and each Target shareholder recognized gain,

but not loss, to the extent of the cash received in the Acquisition pursuant to section 356 of the Code.

- b) Parent has no plan or intention to distribute to its shareholders any of the stock of Distributing, Controlled 1, Controlled 2, or Controlled 3, or any successor to such entities.

RULING

Assuming section 355(b)(2)(D) would otherwise be satisfied, the use of cash by Parent in the Acquisition will not prevent Parent from being a distributee corporation described in section 355(b)(2)(D)(ii).

CAVEATS

Except as expressly stated in the ruling section herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Temporary or final regulations pertaining to the issue addressed in this ruling have not yet been adopted. Therefore, this ruling will be modified or revoked by the adoption of temporary or final regulations, to the extent the regulations are inconsistent with any conclusion in the letter ruling. See section 11.04 of Rev. Proc. 2015-1, 2015-1 I.R.B. 1, 59. However, when the criteria in section 11.06 of Rev. Proc. 2015-1, 2015-1 I.R.B. 1, 60, are satisfied, a ruling is not revoked or modified retroactively except in rare or unusual circumstances. See section 11.07 of Rev. Proc. 2015-1, 2015-1 I.R.B. 1, 61.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number (PLR-111191-15) of the letter ruling.

Sincerely,

Kevin M. Jacobs
Senior Technician Reviewer, Branch 4
(Corporate)